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Business schools in transition? Issues of impact, legitimacy, capabilities and re-invention

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Abstract: The purpose of this editorial is to introduce the set of papers which comprise this issue of the journal, and to provide an interpretation of the current strategic debates about the future evolution of business school paradigms and, hence, identify possible strategic options. The papers can be categorized into three broad themes: first, the impacts and environmental influences on management education including issues of globalization, global sustainability and advances in digital and social media. Second, challenges and criticisms of management education covering issues of legitimacy, business model sustainability and the need for change in business models. Third, the re-invention of business schools and the creation of alternative models of management education and approaches for effective implementation and delivery of those models. Findings – Globalization is an important environmental influence. Arnoud de Meyer, the President of SMU, offers his reflections. The paper by Peter Lacy and his colleagues at Accenture builds on the theme of globalization by examining the new era of global sustainability in the management arena. In discussing the second theme of challenges and criticisms, David Wilson and Howard Thomas examine the continued legitimacy of the business school with respect to both academic legitimacy in the university and business relevance and thought leadership legitimacy in the management community. Kai Peters and Howard Thomas address the issue of the sustainability of the current business school financial model and question whether it is too luxurious. Santiago Iñiguez and Salvador Carmona reinforce this urgent need to review the sustainability and viability of the existing business school models. Building on the importance of technology impacts, James Fleck illustrates how the Open University Business School (OUBS), the leader and pioneer in blended and distance learning in management education, has focused on further developing models of blended learning which will challenge the current weak adoption of such models in well-known business schools. Rich Lyons, on the other hand, presents a thoughtful analysis of the careful implementation of a completely new MBA curriculum at the well-regarded Haas Business School at Berkeley. Peter Lorange's "network-based" model, on the other hand, is the most radical change model. Granit Almog-Bareket's leadership paper offers one perspective on the importance of business school leadership in creating the conditions for innovative and insightful management of business school futures. Clearly, debates and criticisms of business schools will continue to be addressed. It is a sign of a healthy academic and management community that such debates – particularly through the auspices of EMFD – can be presented in an open and constructive manner, as in this special issue of the Journal of Management Development.

Keywords: Business schools, Curricula, Globalization, Digital technology, Distance learning, Competitive strategy

Introduction

In a recent paper Wilson and McKiernan (2011, p. 457) quote a remark made by Eric Cornuel (2005) that “in the future the legitimacy of business schools will no longer be questioned.” Eric also noted at that time that business schools had become legitimized parts of society with a clearly defined and understood role and purpose

It is fair to say that in the intervening period, despite the continuing success and growth of business studies as a field of study, there has been continuing debate and criticism about the role of business schools in society particularly following the global financial crisis. Well before that crisis, however, the late Sumantra Ghoshal, in a highly cited paper (2005), pointed out that business schools had been propagating and teaching amoral theories that destroyed sound management practices. And more recently, for example, Currie et al. (2010) and Locke and Spender (2011) argue that these theories, and specifically those based on financial economics, have led to an environment of free enterprise and casino capitalism, largely absent of a moral and ethical compass, in which the lack of financial morality and ethical leadership (Canals, 2010) provided some of the fuel for the financial crises (Podolny, 2009).

Business schools are definitely in transition and at a turning point in their evolution and development. They need to focus more on their value to society and, hence, provide a clearer vision and purpose. As Thomas (2007, p. 9) noted, “business schools currently face an image and identity crisis and have been subject to a wide range of critical reviews about their societal status as academic and professional schools.” They have been criticized as being too market driven (Bennis and O’Toole, 2005; Pfeffer and Fong, 2002). Questions have been raised about the relevance and practical, actionable nature of their research (Hambrick, 1994; Pettigrew, 2001; Hodgkinson and Rousseau, 2009). Mintzberg’s (2004) classic and timeless criticism about the narrowness, specialized and academic focus of the MBA curriculum, which in his view largely ignores the development of leadership and professional managerial skills, has been widely quoted. Schoemaker (2008) echoes this criticism by stressing that “the traditional paradigm of business schools with its strong focus on analytic models and reductionism, is not well suited to handle the ambiguity and high rate of change facing many industries today.”

All in all the conventional judgment of business schools is that they have not lived up to their promise and have sold out to the “tyranny of rankings” (Khurana, 2007). This focus on rankings and reputation measures may, in turn, lead to resource allocation decisions which favor marketing and public relations activities directed toward image building rather than toward critical and important strategic investments in new models of teaching and learning. Indeed, Starkey and Tiratsoo (2007, p. 8) point out that university administrators often view business schools as “cash cows” and therefore, often seek to “extract the maximum commercial benefit from courses such as the MBA, regardless of what it means for pedagogy and learning.” They suggest that curricula should have a more critical and evaluative content and embrace study of liberal arts including the natural and social sciences and the humanities in their curricular developments.

While the volume of the debate and criticism about business schools combines unabated we believe that the nature of the “tipping” point in business school models and paradigms will lead to major change and transformation in the strategic conduct of business schools. It is clear that there is already an European identity and European style of business models (Thomas, 2012) and an emerging Asian identity (Brailsford, 2011). Each of these approaches provides a strong contrast and a distinctive alternative to the dominant US model and business school approach that has prospered since the Ford and Carnegie Foundation reports in the USA in the late 1950s and early 1960s.

As a consequence the aim of this set of papers is to provide an interpretation of the current strategic debates about the future evolution of business school paradigms and, hence, identify possible strategic options. The papers can be categorized into three broad themes, namely:

- (1) the impacts and environmental influences on management education including issues of globalization, global sustainability and advances in digital and social media;
- (2) challenges and criticisms of management education covering issues of legitimacy, business model sustainability and the need for change in business models; and
- (3) the re-invention of business schools and the creation of alternative models of management education and approaches for effective implementation and delivery of those models.

Globalization is an important environmental influence. Arnoud de Meyer, the President of SMU, offers his reflections, drawn from wide experience at INSEAD, Cambridge and SMU, about the globalization of management education. The recent AACSB (2011) report on globalization provides the background for his observations. His strong emphasis is on the importance of careful implementation of globalization initiatives. He argues that it is easy to announce globalization initiatives but far harder to implement them. Often globalization changes have been more rhetoric than reality. He stresses that enabling mechanisms such as an international brand and reputation, a strength in educational technology and in the internationalization of the school's leadership and faculty need to be in place in order to ensure that globalization succeeds. It is also important that a trusting relationship can be nurtured in a global strategic alliance to ensure effective long-term implementation.

The paper by Peter Lacy and his colleagues at Accenture builds on the theme of globalization by examining the new era of global sustainability in the management arena. Based on an extensive survey of leading global CEOs, they conclude that sustainability has an increasingly strong influence on corporate strategic agendas. These CEOs believe that educating future business leaders about sustainability issues will accelerate the integration of sustainability into the mainstream of business activity. Michael and Howard Thomas also recognize the global growth of management education and suggest that Deans must increasingly adopt new globally available technological models of learning, incorporating a wide range of digital and social media approaches, as they create new "blended" learning modules. Blended learning can also influence the development of the 12,000-13,000 business schools globally, particularly in emerging and developing nations, who cannot currently meet the accreditation standards of AACSB and EFMD.

In discussing the second theme of challenges and criticisms, David Wilson and Howard Thomas examine the continued legitimacy of the business school with respect to both academic legitimacy in the university and business relevance and thought leadership legitimacy in the management community. They explore these issues in relation to the achievement of legitimacy through research rankings (such as the RAE/REF in the UK), reputation rankings (such as the Financial Times Global MBA Rankings) and regulatory agencies such as the AACSB and EFMD, which accredit the quality of business programs. They conclude that the search for legitimacy may unwittingly create more homogeneity in the strategies of business schools and impact the development of alternative strategic choices about differentiating research and programs and improving linkages with the management community.

Kai Peters and Howard Thomas address the issue of the sustainability of the current business school financial model and question whether it is too luxurious. They argue that alternative financial models can be devised to achieve the goals of high quality education and a balanced research profile but at a lower cost. For example, the faculty model at many research oriented business schools is high cost simply because, in the current growth environment for schools, there is an increasing shortage of quality doctorally qualified faculty. If the teaching activities of some research-oriented faculty can be substituted by clinical faculty who specialize in high-quality instruction the resources of the school can be balanced and leveraged much more efficiently in the hyper-competitive business school environment.

Santiago Iñiguez and Salvador Carmona reinforce this urgent need to review the sustainability and viability of the existing business school models. They recognize the fading margins of business education resulting from competition and institutional pressures and propose a model of change for business schools, which addresses the need for continuing change and adaptation to environmental and competitive pressures.

The third theme includes a number of alternative change models that are already evident as strong exemplars in the field. Building on the importance of technology impacts, James Fleck illustrates how the Open University Business School (OUBS), the leader and pioneer in blended and distance learning in management education, has focussed on further developing models of blended learning which will challenge the current weak adoption of such models in well-known business schools. OUBS is enhancing its practice-based blended learning model to incorporate principles of action and experimental learning and, thereby, create real-time learning about management in the classroom context. He believes that this has the potential of being a disruptive innovation and will require the careful development of student learning communities and communities of practice as an essential element of the teaching and learning process. This will also require the development of real-time case studies using the power of the internet and digital media and close partnership and participation with CEOs and the management community.

Rich Lyons, on the other hand, presents a thoughtful analysis of the careful implementation of a completely new MBA curriculum at the well-regarded Haas Business School at Berkeley. This required strong buy-in and faculty involvement during the change process. It is basically a “face-to-face” form of program with a strong integrative design. The Haas model is very innovative in that it seeks to identify at the micro-level the dynamic capabilities, ten in total, that a well-educated manager must have. These are reinforced at the macro-level by the vehicle of a leader archetype, an innovative, creative, path bending and change oriented leader, that is reinforced in the program. Integration of learning is achieved through project-based, experimental learning rather than the commonly used capstone course on strategy or policy, which seeks to integrate a series of disciplinary MBA courses.

Peter Lorange's “network-based” model, on the other hand, is the most radical change model. Located at the Lorange Institute of Business in Zurich, but based upon Peter's wide experience at the Norwegian School of Management and particularly IMD, it develops an almost virtual network model of business education. Apart from a few permanent faculty, the school employs a part-time network of leading scholars who commit their involvement to teach and develop masters (EMBA) and executive programs through “permanent” visiting appointments and arrangements. In the school, there are no departments, no academic tenure, no disciplinary silos and the teaching, learning and research is practice informed. This model clearly has a quite different financial structure than would be the case at Haas or the OUBS.

Any new model of business education, however, requires careful thought and implementation. Granit Almog-Bareket's leadership paper offers one perspective on the importance of business school leadership in creating the conditions for innovative and insightful management of business school futures. This paper stresses the importance of visionary leadership in business schools in providing the overarching architecture and strategic intent for achieving successful business school growth and performance. A wider discussion of leadership in business schools is provided in Fraguiero and Thomas (2011).

In conclusion, clearly these debates and criticisms of business schools will continue to be addressed. It is a sign of a healthy academic and management community that such debates – particularly through the auspices of EMFD – can be presented in an open and constructive manner.

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